

SEP 1949

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GENERAL

1. US agrees to recess Austrian treaty talks in London--The Department of State has advised US Representative Reber in London that the US does not object to the British proposal that the deputies suspend the Austrian treaty talks and reconvene in New York about 21 September. The Department has instructed Reber that when this suspension is proposed, the unreasonable demands of the USSR should be blamed for the lack of agreement at the talks. Reber is to express the hope that future negotiations will enable the terms of the Paris agreement to be carried out.

Representative Reber has informed the Department meanwhile that the British are agreeable to the US proposal of a tripartite diplomatic approach to Moscow once it has been decided to reconvene the deputies in New York. Reber believes the French will also accept this suggestion.

2. French pleased by invitation to Washington talk--US Ambassador Bruce in Paris reports that Premier Schuman and the French Cabinet have been greatly relieved by Secretary of State Acheson's recent message inviting the French to consult on financial and strategic matters in advance of the forthcoming US-UK talks in Washington. According to Bruce, French Foreign Minister Schuman had cancelled his previous plan to be in Washington during the US-UK discussions because of increasing British chilliness toward the idea. Bruce considers the French to be apprehensive that in the Washington talks the British will rely on "strategic blackmail" to secure gains for the UK at the expense of the Continent.

(CIA Comment: CIA considers that French apprehension largely springs from the fear that British gains resulting from the forthcoming monetary talks may have adverse effects upon the intensified French price stabilization program.)

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State Dept. review completed